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Charges of CIA Sabotage Seen Threatening U.S. -Au  
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WASHINGTON

Recurring charges that the CIA sabotaged a Labor Party government in Australia in the 1970s are endangering U.S.-Australian relations, a foreign policy scholar says in a magazine article to be published Sunday.

James A. Nathan, a University of Delaware political science professor who returned recently from Australia, said it might take a congressional investigation to get to the truth about the alleged CIA actions and to reassure Australians about future U.S. conduct.

"In Australia a plausible case is being developed that CIA officials may have also done in Australia what they managed to achieve in Iran, Guatemala and Chile: destroy an elected government," Nathan said in the article in Foreign Policy magazine.

The CIA has flatly denied engaging in "operations against the Australian government" or having ties to the mysterious Nugan Hand Bank. The bank is alleged to have been run by former U.S. military and intelligence officials and to have financed the alleged CIA activities.

Sen. Daniel Patrick Moynihan, D-N.Y., vice chairman of the Senate Intelligence Committee, said through a spokesman that the panel has received information about the Australian allegations and "feels there is no reason to pursue these charges further."

Nathan said the Australian controversy dates back to 1972 when the Labor Party's Gough Whitlam was elected prime minister and took anti-U.S. positions. Whitlam pulled Australian troops out of Southeast Asia and denounced President Nixon's 1972 Christmas bombing of Hanoi. *d*

"Whitlam ... aroused deep hostility within the U.S. intelligence community," Nathan said. "It viewed his party and politics as, at best, benighted accomplices to Soviet undertakings."

By 1975, the Whitlam government was beset by a financial scandal that forced the resignation of a top official. Ultimately, Governor-General John Kerr, representative of the British Crown, used powers never before exercised to dismiss Whitlam from office.

A conservative government, headed by current Prime Minister Malcolm Fraser, was subsequently elected.

Since then, a string of allegations have surfaced claiming that the CIA played a role in Whitlam's downfall.

In one published report, Joseph Flynn, described as a CIA contract employee, claimed he manufactured some of evidence cited in the financial scandal under direction of former CIA agent Edwin Wilson, who has since been convicted of smuggling weapons to Libya.

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